

Message Text

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ACTION EUR-12

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TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 FRB-03
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INFO: USDOC WASHDC

C O N F I D E N T I A L MOSCOW 11199

USDOC FOR BEWT

E.O. 11652: GDS
TAGS: EEWT, UR, US
SUBJECT: SOVIET DEPUTY FOREIGN TRADE MINISTER SOMEWHAT PESSIMISTIC
ABOUT TRADE PROSPECTS

SUMMARY: DURING JULY 29 CALL BY DAS ARMITAGE, DEPUTY
MINISTER MANZHULO WAS SOMEWHAT PESSIMISTIC ABOUT BILATERAL
TRADE PROSPECTS, AND HE PUT THE BLAME ON US POLICIES
REGARDING GOVERNMENT-BACKED CREDITS AND EXPORT CONTROLS.
HE CLAIMED THAT THERE WAS A PRESS CAMPAIGN TO DENY THE
SOVIET UNION ACCESS TO KNOW-HOW AND THUS CAUSE IT HARDSHIPS.
ARMITAGE REITERATED THE ADMINISTRATION'S CONTINUED
INTEREST IN EXPANDING TRADE AND NOTED THAT PERCEPTIBLE PROGRESS
IN SALT WOULD IMPROVE THE OVERALL ATMOSPHERE OF RELATIONS.
ARMITAGE POINTED OUT THAT THE LEVEL OF US EXPORTS TO USSR WAS
DETERMINED BY THE SOVIET UNION AND THAT AN IMPRESSION OF
POOR PROSPECTS AND CHANCES FOR US FIRMS COULD CREATE A
SITUATION THAT WOULD BE HARD TO TURN AROUND. MANZHULO
DISCUSSED SEVERAL PROBLEMS REGARDING THE ESTABLISHMENT OF
JOINT STOCK COMPANIES IN THE US, AND ARMITAGE EXPALINED
USG VIEWS ON THESE MATTERS. MANZHULO ASKED FOR HELP
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BECAUSE OF THE PROBLEMS ENSUING FROM THE SOMETIMES SHORT
VALIDITY OF VISAS FOR SOVIET BUSINESSMEN, AND ARMITAGE
AGREED TO LOOK INTO IT. END SUMMARY.

1. MANZHULO WAS SOMEWHAT PESSIMISTIC ABOUT TRADE PROSPECTS.
HE POINTED OUT THAT OVERALL TRADE WAS DECLINING AND SAID
THAT US MACHINERY AND EQUIPMENT EXPORTS WOULD BE DECREASING,

TOO. HE PLACED MOST OF THE BLAME ON THE LACK OF USG-SUPPORTED CREDITS.

2. ARMITAGE REPLIED THAT THE OPPORTUNITIES FOR TRADE SEEMED LARGELY UNCHANGED. HE POINTED OUT THAT THE LEVEL OF US MACHINERY AND EQUIPMENT EXPORTS WAS DETERMINED BY THE SOVIETS AND THAT IT WOULD BE UNFORTUNATE AND UNHELPFUL IF A SIGNIFICANT NUMBER OF AMERICAN FIRMS WERE TO CONCLUDE THAT THEY HAD NO CHANCE AT GETTING SOVIET BUSINESS AND CLOSE THEIR MOSCOW OFFICES. THAT WOULD CREATE AN IMPRESSION OF POOR PROSPECTS, AND IT WOULD TAKE SOME TIME TO TURN AROUND.

3. TURNING TO JACKSON-VANIK AMENDMENT AND CREDITS, BOTH OF WHICH MANZHULO HAD RAISED, ARMITAGE INDICATED THAT WE WERE NOT LIKELY TO GET A CHANGE IN JACKSON-VANIK SOON, BUT IF THE GENERAL CONDITION OF OUR RELATIONS TOOK AN UPTURN THE ADMINISTRATION MIGHT DECIDE TO ATTEMPT IT IN THAT ATMOSPHERE. PERCEPTIBLE PROGRESS IN SALT WOULD BRING A CHANGE IN THE ATMOSPHERE.

4. MANZHULO ASSERTED THAT SOVIET ORGANIZATIONS WERE LOSING THEIR ENTHUSIASM FOR TRYING TO BUY AMERICAN EQUIPMENT BECAUSE OF THE UNCERTAINTIES AND DELAYS IN DELIVERY CAUSED BY US EXPORT CONTROLS. HE ASSERTED THAT THERE WAS A PRESS CAMPAIGN IN THE US TO PREVENT THE USSR FROM CONFIDENTIAL

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ACQUIRING KNOW-HOW AND THUS TO CREATE HARDSHIPS FOR THE USSR. HE WARNED THAT THE US SHOULD NOT OVERESTIMATE THE TECHNOLOGY GAP NOR UNDERESTIMATE THE USSR'S OPPORTUNITIES TO PURCHASE TECHNOLOGY FROM COUNTRIES OTHER THAN THE US.

5. IN HIS REPLY ARMITAGE SAID THERE WAS NO QUESTION ABOUT THE ADMINISTRATION'S BEING IN FAVOR OF EXPANDING TRADE. HE ALSO POINTED OUT THAT THE ADMINISTRATION THOUGHT IT IMPORTANT THAT THE EXPORT CONTROL PROCEDURES THEMSELVES BE SPEEDED UP AND MADE MORE PRECISE AND THAT COMMERCE WAS ALREADY MOVING IN THIS DIRECTION.

6. MANZHULO COMPLAINTS ABOUT THE DIFFICULTIES OF SETTING UP JOINT STOCK COMPANIES UNDER US LAW AND ABOUT THE DEPARTMENT'S ADDITIONAL "FORMALITIES" FOR SOVIETS. ARMITAGE SAID THE USSR MUST RECOGNIZE THAT THE LEVEL OF REPRESENTATION IN BOTH COUNTRIES WAS A MATTER OF DIRECT AND LEGITIMATE CONCERN TO THE USG. HE POINTED OUT THAT THE USG CAN GET INVOLVED CONSTRUCTIVELY ONLY IF IT IS APPROPRIATELY INFORMED IN GOOD TIME.

7. MANZHULO MENTIONED SOME VISA PROBLEMS AND ARMITAGE

AGREED TO LOOK INTO ONE OF THEM. (THIS IS BEING COVERED
BY SEPTEL.)
TOON

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Message Attributes

Automatic Decaptioning: X
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Concepts: POLICIES, FOREIGN TRADE
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Unique ID: 00
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Errors: N/A
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SAS ID: 1404837
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Status: NATIVE
Subject: SOVIET DEPUTY FOREIGN TRADE MINISTER SOMEWHAT PESSIMISTIC ABOUT TRADE PROSPECTS SUMMARY: DURING JULY 29 CALL BY DAS ARMITAGE, DEP
TAGS: EEWT, UR, US
To: STATE COM
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/c9c38c4e-c288-dd11-92da-001cc4696bcc
Review Markings:
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